



**Office of the Attorney General
Paul G. Summers**

**Department of Commerce and Insurance
Commissioner Paula Flowers**

NEWS RELEASE

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**Attorney General and Division of Consumer Affairs Obtain Assurance of Voluntary
Compliance with PayPal, Inc.**

Tennessee has joined 27 other states in an agreement with PayPal, Inc., one of the leading companies providing wire transfer services for auctions over the Internet, for allegedly misleading consumers about its services.

The Delaware company, commonly known for providing wire transfer services to consumers desiring to make Internet auction purchases through eBay and other entities without providing their credit card information directly to sellers, has agreed to pay \$1.7 million to states, including \$59,500 to Tennessee.

The Division of Consumer Affairs, the Better Business Bureau, and the Federal Trade Commission received about 60 Tennessean complaints about PayPal. Some of these complaints allege that the company would freeze money held in the consumer's PayPal account during disputes for an unjustified period of time. Other complaints allege that consumers who expected to fund the payment through use of their credit cards, found instead that their bank accounts had been charged directly.

"We are satisfied with this agreement," said Tennessee Attorney General Paul G. Summers, who filed the agreement on behalf of the Division of Consumer Affairs. "It is important

that companies inform consumers up front of any restrictions on the services they have paid for and expect to receive."

Although PayPal gives members some protection when using their credit cards, consumers believed PayPal was offering exactly the same protections a consumer receives through the use of a credit card when this was not the case.

As part of the agreement, PayPal has agreed:

- *To provide disclosures about the default funding source PayPal uses and to provide its user agreement in two accessible formats;
- *To implement better customer service policies;
- *To provide disclosures to consumers who receive goods that do not substantially conform with their description, and;
- *To provide disclosures about any limitations on the "money back guarantee" as part of PayPal's buyer protection plan.

Consumers who have complaints against online money transmitters, such as PayPal, Inc. should contact the Division of Consumer Affairs at 1-800-342-8385 (toll-free inside Tennessee) or (615) 741-4737.